

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

**INSTRUCTIONS FOR COMPLETING AND FILING
APPLICATION FOR INVESTMENT ADVISER CERTIFICATE ON FORM ADV
(Uniform Application for Investment Adviser Registration)(17 CFR 279.1)**

(Only for use in connection with applications for an investment adviser certificate pursuant to Corporations Code Section 25231)

The following is provided as instructions to file your application for an investment adviser certificate. Please make sure that the following documentation is filed as part of your application. Please note that reference may be made to the California Code of Regulations ("CCR") and California Corporations Code ("Code"). The CCR (rules) and the Code (law) may be found through links on our web site at www.corp.ca.gov. The link for the rules and the law are at <http://ccr.oal.ca.gov> and <http://www.leginfo.ca.gov/calaw.html>, respectively

1. FORM ADV AND FILING FEE

Form ADV (Part 1A and Part 1B) should be completed in accordance with the form instructions and filed directly with the Investment Adviser Registration Depository ("IARD"). To file electronically you need to obtain the [State Registrant Entitlement Packet](#) from the IARD web site at www.iard.com. By completing the Entitlement Forms and returning the forms to IARD, you are requesting the [National Association of Securities Dealers \("NASD"\)](#) to entitle you to access the IARD system for electronic filing. Once the NASD receives the Entitlement Forms, they will establish your IARD User Account and you will be able to access and use the IARD system. Additional information on the IARD system may be found on the [IARD](#) web site.

The fee for filing an application is \$125 and is to be paid directly to IARD in accordance with its procedures. Fees are not refundable except as provided in Government Code Sections 13140-13144. Note: The filing fee does not apply to any applicant that is also licensed as a broker-dealer under Corporations Code ("Code") Section 25210.

2. ADDITIONAL DOCUMENTATION/INFORMATION

- a. Part 2 of Form ADV: [Part 2 of Form ADV](#) is to be completed in accordance with the form instructions and filed directly with the California Corporations Commissioner ("Commissioner") until the form can be filed with IARD.
- b. Form U-4 and Reporting Fee: Form U-4 and the \$25 reporting fee for each investment adviser representative ("IAR") or associated person as defined in [Code Section 25009.5\(a\)](#) should be filed with the Central Registration Depository ("CRD"). Note: Each officer, director or partner exercising executive responsibility (or persons occupying a similar status or performing similar functions) or each person who owns 25% or more is presumed to be acting as an investment adviser representative or associated person.
- c. Form U-4: [Form U-4](#) for each officer, director or partner or each person who owns 10% or more, as shown on Schedule A or B of Form ADV, not reported as an investment adviser representative ("IAR") with CRD, should be filed directly with the Commissioner. If the individual's Form U-4 is on file with CRD and the information reported on Form U-4 is current, please make representation to that fact and it will not be necessary to file a paper version of Form U-4 directly with the Commissioner.
- d. Customer Authorization of Disclosure of Financial Records (Form QR 500.261): [Form QR 500.261](#) should be completed and maintained as part of your books and records. This form should be provided to the Commissioner upon request.

- e. Financial Information:** If you have custody of client funds or securities, discretionary authority over client funds or securities, or accept prepayment of more than \$500 per client and six or more months in advance and your principal place of business is in California, a Statement of Financial Condition (Balance Sheet) and a worksheet that demonstrates compliance with the capital requirements as found in [CCR Section 260.237.2](#) should be filed directly with the Commissioner. The balance sheet should be dated within 45 days prior to the filing of the application and prepared in accordance with generally accepted accounting principles. The balance sheet need not be audited. However, if not audited, you are also to file an audited balance sheet as of the end of your last fiscal year, if applicable. For the worksheet to demonstrate compliance with the minimum financial requirements, you may use the [Minimum Financial Requirements Worksheet \(Form 260.237.2\)](#). If your principal of business is in a state (home) other than California, and you are licensed or registered in your home state and are in compliance with your home state's capital requirements, you are not subject to the minimum financial requirement as found in CCR Section 260.237.2. If you are not licensed or registered in the state where you maintain your principal place of business, or if you are not in compliance with your home state's capital requirement, you are subject to California's minimum financial requirements. **Note:** This requirement does not apply if you are also licensed as a broker-dealer in California.
- f. Advisory Contract(s):** A sample copy of each written investment advisory contract should be filed directly with the Commissioner. The contract(s) should disclose (1) the services to be provided, (2) the term of the contract, (3) the advisory fee or the formula for computing the fee, (4) the amount, or the manner of calculation of the amount, of the prepaid fee to be returned in the event of contract termination or nonperformance, (5) whether the contract grants discretionary power to the adviser or its representatives and (6) that the contract will not be assigned by the investment adviser without the consent of the client. If you do not have discretionary authority to place trade orders with a broker-dealer pursuant to a third party trading agreement, the contract should acknowledge that the investment adviser must secure client permission prior to effecting securities transactions for the client in the client's broker-dealer account(s).
- g. Proof of Compliance with Qualification Requirements:** If you are filing as a sole proprietor, proof of compliance with the qualification requirements found in [CCR Section 260.236](#) is to be filed directly with the Commissioner unless proof of compliance may be obtained from the Central Registration Depository ("CRD").
- h. Statement of Citizenship, Alienage, and Immigration Status:** If you are filing as a sole proprietor, a [Statement of Citizenship, Alienage, and Immigration Status \(Form 250.61\)](#) is to be completed. This form is to be maintained, along with any documents establishing proof thereof, as part of your books and records.
- i. Securities Filing:** If you are organized as a California corporation or limited liability company, the offer and sale of securities in your corporation or limited liability company (if applicable) must be qualified, unless exempt. If exempt, you should file the appropriate limited/small offering exemption notice. Please contact our Customer Services Office at 1-866-ASK-CORP (1-866-275-2677) for further information.

Forms filed directly with the Commissioner should be mailed to Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA, 95814-4052.

For the purposes of CCR Section 250.51, an application for a certificate as an investment adviser is not considered filed until the required fee and all required submissions are received by the Commissioner.

The filing of Form ADV with IARD does not constitute automatic approval. The applicant should not consider the application approved until approved by the Commissioner and the approval has been received through IARD.